

**Introduced by Senator Torlakson**

February 16, 2006

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An act to add Section 100.95 to the Revenue and Taxation Code, relating to local government finance.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 1317, as introduced, Torlakson. Property tax revenue allocations: public utilities: qualified property.

The California Constitution requires the State Board of Equalization to assess the property, other than franchises, of companies transmitting or selling gas or electricity. Existing property tax law provides for the valuation, as a unit, of properties of a state assessee that are operated as a unit as a primary function of that assessee, and for the allocation of the assessed value of the unit among various counties in which the state-assessee's unitary property is located. Existing law also provides, pursuant to specified formulas, for the application in each county of specified tax rates to unitary assessed value, and for the allocation among jurisdictions in that county of the resulting revenues.

This bill would, for the 2007-08 fiscal year and for each fiscal year thereafter, require that the assessed value of qualified property, as defined, placed in service by a public utility on or after January 1, 2007, be allocated entirely to the county in which the property is located. This bill would also require that the property tax revenues derived from qualified property be allocated among the county and school entities in the same percentage shares as revenues derived from the utility in the prior fiscal year. This bill would also require that the balance of these revenues remaining after these allocations have been made be allocated to fire districts, water districts, cities, or the county, as specified.

By establishing new duties with respect to the annual allocation of property tax revenues derived from state-assessed property, this bill would create a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

This bill would change the pro rata shares in which ad valorem property tax revenues are allocated among local agencies in a county, within the meaning of paragraph (3) of subdivision (a) of Section 25.5 of Article XIII of the California Constitution, and thus would require for passage the approval of  $\frac{2}{3}$  of the membership of each house of the Legislature.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 100.95 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 100.95. (a) Notwithstanding any other law, for the 2006-08
- 4 fiscal year and each fiscal year thereafter, all of the following
- 5 apply:
- 6 (1) The property tax assessed value of qualified property that
- 7 is owned by a public utility and that is assessed by the State
- 8 Board of Equalization shall be allocated entirely to the county in
- 9 which the qualified property is located.
- 10 (2) The tax rate applied to the assessed value allocated
- 11 pursuant to paragraph (1) shall be the rate calculated pursuant to
- 12 subdivision (b) of Section 100.
- 13 (3) The county auditor shall allocate the property tax revenues
- 14 derived from the qualified property described in paragraph (1) as
- 15 follows:
- 16 (A) (i) School entities, as defined in subdivision (f) of Section
- 17 95, shall be allocated an amount equivalent to the same
- 18 percentage the school entities received in the prior fiscal year

1 from the property tax revenues paid by the utility in the county in  
2 which the qualified property is located.

3 (ii) The county in which the qualified property is located shall  
4 be allocated an amount equivalent to the same percentage the  
5 county received in the prior fiscal year from the property tax  
6 revenues paid by the utility in the county in which the qualified  
7 property is located.

8 (B) The balance of these revenues remaining after the  
9 allocations made under subparagraph (A) shall be allocated as  
10 follows:

11 (i) Eighty percent shall be allocated as follows:

12 (I) If the qualified property is located in a city, to the city in  
13 which that property is located.

14 (II) If the qualified property is located in an unincorporated  
15 area of the county, to the county.

16 (ii) Ten percent shall be allocated as follows:

17 (I) If the qualified property is provided fire services by a fire  
18 district, to that fire district.

19 (II) If the qualified property is provided fire services by a city,  
20 to that city.

21 (iii) Ten percent shall be allocated as follows:

22 (I) If the qualified property is provided water services by a  
23 water district, to that water district.

24 (II) If the qualified property is provided water services by a  
25 city, to that city.

26 (III) If the qualified property is provided water services by a  
27 private water company:

28 (aa) If the qualified property is located in a city, to the city in  
29 which that property is located.

30 (ab) If the qualified property is located in an unincorporated  
31 area of the county, to the county.

32 (4) In order to provide the allocations required by paragraph  
33 (3), the county auditor shall make any necessary pro rata  
34 reductions in allocations of property taxes attributable to the  
35 property specified in paragraph (1) to jurisdictions other than  
36 those receiving an allocation under paragraph (3).

37 (b) For purposes of this section, all of the following apply:

38 (1) “Qualified property” means all plant and associated  
39 equipment, including substation facilities and fee-owned land

1 and easements, placed in service by the public utility on or after  
2 January 1, 2007, and related to the following:

3 (A) Electrical substation facilities that meet either of the  
4 following conditions:

5 (i) The high-side voltage of the facility's transformer is 50,000  
6 volts or more.

7 (ii) The substation facilities are operated at 50,000 volts or  
8 more.

9 (B) Electric generation facilities that have a nameplate  
10 generating capacity of 40 megawatts or more.

11 (C) Electrical transmission line facilities of 200,000 volts or  
12 more.

13 (2) "Qualified property" does not include either of the  
14 following:

15 (A) Additions, modifications, reconductoring, or equivalent  
16 replacements to the plant and associated equipment made after  
17 the plant and associated equipment are placed in service.

18 (B) Property that is subject to subdivision (k) of Section 100.

19 (3) A public utility shall provide to the State Board of  
20 Equalization a description of the qualified property that is subject  
21 to this section. The State Board of Equalization shall transmit to  
22 the auditor of each county in which qualified property is located  
23 the information necessary to identify that property.

24 SEC. 2. If the Commission on State Mandates determines that  
25 this act contains costs mandated by the state, reimbursement to  
26 local agencies and school districts for those costs shall be made  
27 pursuant to Part 7 (commencing with Section 17500) of Division  
28 4 of Title 2 of the Government Code.